

2 **SSB 5937** - S AMD 156
3 By Senators Brown and Long

4 ADOPTED 03/14/01

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. Sec. 1. (1) The department of retirement systems,
8 the office of the superintendent of public instruction, the department
9 of personnel, and the health care authority shall jointly develop
10 publications for use during the 2001-03 biennium to explain options
11 for, and implications of, postretirement employment for members and
12 retirees of the teachers' retirement system plan 1 and the public
13 employees' retirement system plan 1.

14 (2) The publications shall address such issues as: (a) Health
15 insurance coverage upon reemployment; (b) health benefit options upon
16 termination of postretirement employment; (c) sick leave, annual leave,
17 and other compensation practices; (d) options for, and implications of,
18 reentry into active retirement system membership; (e) hiring procedures
19 for retirees; and (f) collective bargaining rights and
20 responsibilities.

21 **Sec. 2.** RCW 28A.405.900 and 1990 c 33 s 404 are each amended to
22 read as follows:

23 Certificated employees subject to the provisions of RCW
24 28A.310.250, 28A.405.010 through 28A.405.240, 28A.405.400 through
25 28A.405.410, 28A.415.250, and 28A.405.900 shall not include those
26 certificated employees hired to replace certificated employees who have
27 been granted sabbatical, regular, or other leave by school districts,
28 and shall not include retirees hired for postretirement employment
29 under the provisions of this act.

30 It is not the intention of the legislature that this section apply
31 to any regularly hired certificated employee or that the legal or
32 constitutional rights of such employee be limited, abridged, or
33 abrogated.

1 **Sec. 3.** RCW 41.32.570 and 1999 c 387 s 1 are each amended to read
2 as follows:

3 (1)(a) If a retiree enters employment with an employer sooner than
4 one calendar month after his or her accrual date, the retiree's monthly
5 retirement allowance will be reduced by five and one-half percent for
6 every seven hours worked during that month. This reduction will be
7 applied each month until the retiree remains absent from employment
8 with an employer for one full calendar month.

9 (b) The benefit reduction provided in (a) of this subsection will
10 accrue for a maximum of one hundred forty hours per month. Any monthly
11 benefit reduction over one hundred percent will be applied to the
12 benefit the retiree is eligible to receive in subsequent months.

13 (2) Any retired teacher or retired administrator who enters service
14 in any public educational institution in Washington state and who has
15 satisfied the break in employment requirement of subsection (1) of this
16 section shall cease to receive pension payments while engaged in such
17 service(~~(: PROVIDED, That service may be rendered up to five hundred~~
18 ~~twenty-five hours per school year without reduction of pension.~~

19 ~~(3) In addition to the five hundred twenty-five hours of service~~
20 ~~permitted under subsection (2) of this section, a retired teacher or~~
21 ~~retired administrator may also serve only as a substitute teacher for~~
22 ~~up to an additional three hundred fifteen hours per school year without~~
23 ~~reduction of pension if:~~

24 ~~(a) A school district, which is not a member of a multidistrict~~
25 ~~substitute cooperative, determines that it has exhausted or can~~
26 ~~reasonably anticipate that it will exhaust its list of qualified and~~
27 ~~available substitutes and the school board of the district adopts a~~
28 ~~resolution to make its substitute teachers who are retired teachers or~~
29 ~~retired administrators eligible for the extended service once the list~~
30 ~~of qualified and available substitutes has been exhausted. The~~
31 ~~resolution by the school district shall state that the services of~~
32 ~~retired teachers and retired administrators are necessary to address~~
33 ~~the shortage of qualified and available substitutes. The resolution~~
34 ~~shall be valid only for the school year in which it is adopted. The~~
35 ~~district shall forward a copy of the resolution with a list of retired~~
36 ~~teachers and retired administrators who have been employed as~~
37 ~~substitute teachers to the department and may notify the retired~~
38 ~~teachers and retired administrators included on the list of their right~~
39 ~~to take advantage of the provisions of this subsection; or~~

~~(b) A multidistrict substitute cooperative determines that the school districts have exhausted or can reasonably anticipate that they will exhaust their list of qualified and available substitutes and each of the school boards adopts a resolution to make their substitute teachers who are retired teachers or retired administrators eligible for the extended service once the list of qualified and available substitutes has been exhausted. The resolutions by each of the school districts shall state that the services of retired teachers and retired administrators are necessary to address the shortage of qualified and available substitutes. The resolutions shall be valid only for the school year in which they are adopted. The cooperative shall forward a copy of the resolutions with a list of retired teachers and retired administrators who have been employed as substitute teachers to the department and may notify the retired teachers and retired administrators included on the list of their right to take advantage of the provisions of this subsection.~~

~~(4) In addition to the five hundred twenty-five hours of service permitted under subsection (2) of this section, a retired administrator or retired teacher may also serve as a substitute administrator up to an additional one hundred five hours per school year without reduction of pension if a school district board of directors adopts a resolution declaring that the services of a retired administrator or retired teacher are necessary because it cannot find a replacement administrator to fill a vacancy. The resolution shall be valid only for the school year in which it is adopted. The district shall forward a copy of the resolution with the name of the retired administrator or retired teacher who has been employed as a substitute administrator to the department.~~

~~(5) In addition to the five hundred twenty-five hours of service permitted under subsection (2) of this section and the one hundred five hours permitted under subsection (4) of this section, a retired principal may also serve as a substitute principal up to an additional two hundred ten hours per school year without a reduction of pension if a school district board of directors adopts a resolution declaring that the services of a retired principal are necessary because it cannot find a replacement principal to fill a vacancy. The resolution shall be valid only for the school year in which it is adopted. The district shall forward a copy of the resolution with the name of the retired~~

1 principal who has been employed as a substitute principal to the
2 department.

3 ~~(6) Subsection (2) of this section shall apply to all persons~~
4 ~~governed by the provisions of plan 1, regardless of the date of their~~
5 ~~retirement, but shall apply only to benefits payable after June 11,~~
6 ~~1986.~~

7 ~~(7) Subsection (3) of this section shall apply to all persons~~
8 ~~governed by the provisions of plan 1, regardless of the date of their~~
9 ~~retirement, but shall only apply to benefits payable after September 1,~~
10 ~~1994)), after the retiree has rendered service for more than one~~
11 ~~thousand five hundred hours in a school year.~~

12 (3) The department shall collect and provide the state actuary with
13 information relevant to the use of this section for the joint committee
14 on pension policy.

15 (4) The legislature reserves the right to amend or repeal this
16 section in the future and no member or beneficiary has a contractual
17 right to be employed for more than five hundred twenty-five hours per
18 year without a reduction of his or her pension.

19 **Sec. 4.** RCW 41.40.037 and 1997 c 254 s 14 are each amended to read
20 as follows:

21 (1)(a) If a retiree enters employment with an employer sooner than
22 one calendar month after his or her accrual date, the retiree's monthly
23 retirement allowance will be reduced by five and one-half percent for
24 every eight hours worked during that month. This reduction will be
25 applied each month until the retiree remains absent from employment
26 with an employer for one full calendar month.

27 (b) The benefit reduction provided in (a) of this subsection will
28 accrue for a maximum of one hundred sixty hours per month. Any benefit
29 reduction over one hundred percent will be applied to the benefit the
30 retiree is eligible to receive in subsequent months.

31 (2)(a) A retiree from plan 1 who has satisfied the break in
32 employment requirement of subsection (1) of this section and who enters
33 employment with an employer may continue to receive pension payments
34 while engaged in such service for up to one thousand five hundred hours
35 of service in a calendar year without a reduction of pension.

36 (b) A retiree from plan 2 or plan 3 who has satisfied the break in
37 employment requirement of subsection (1) of this section((7)) may work
38 up to ((five months per)) eight hundred sixty-seven hours in a calendar

1 year in an eligible position, as defined in RCW 41.32.010, 41.35.010,
2 or 41.40.010, or as a fire fighter or law enforcement officer, as
3 defined in RCW 41.26.030, without suspension of his or her benefit.

4 (3) If the retiree opts to reestablish membership under RCW
5 41.40.023(12), he or she terminates his or her retirement status and
6 becomes a member. Retirement benefits shall not accrue during the
7 period of membership and the individual shall make contributions and
8 receive membership credit. Such a member shall have the right to again
9 retire if eligible in accordance with RCW 41.40.180. However, if the
10 right to retire is exercised to become effective before the member has
11 rendered two uninterrupted years of service, the retirement formula and
12 survivor options the member had at the time of the member's previous
13 retirement shall be reinstated.

14 (4) The department shall collect and provide the state actuary with
15 information relevant to the use of this section for the joint committee
16 on pension policy.

17 (5) The legislature reserves the right to amend or repeal this
18 section in the future and no member or beneficiary has a contractual
19 right to be employed for more than five months in a calendar year
20 without a reduction of his or her pension.

21 NEW SECTION. **Sec. 5.** Sections 2 and 3 of this act expire June 30,
22 2004.

23 NEW SECTION. **Sec. 6.** Section 4 of this act expires December 31,
24 2004.

25 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.40 RCW
26 to read as follows:

27 Upon attainment of age seventy and one-half, an employed member
28 may, subject to this section, apply for the retirement benefit the
29 member is otherwise eligible to receive. The retirement benefit shall
30 begin to accrue on the first day of the calendar month following the
31 month that a member applies for a retirement benefit and has attained
32 age seventy and one-half. The benefit shall be calculated in
33 accordance with this chapter, except that the member may continue to be
34 employed. Upon retirement the retiree shall no longer be an active
35 member and shall not make contributions, nor receive service credit,

1 for future periods of employment while receiving his or her retirement
2 allowance.

3 NEW SECTION. **Sec. 8.** The office of the state actuary shall review
4 the actuarial impact of the temporary expansion of the postretirement
5 employment limitations provided by sections 3 and 4 of this act. No
6 later than July 1, 2003, the state actuary shall prepare a report for
7 the joint committee on pension policy regarding the fiscal and policy
8 impacts of this act. The joint committee shall solicit information
9 from the superintendent of public instruction, the department of
10 personnel, the office of financial management, the department of
11 retirement systems, and the health care authority regarding the program
12 impacts of this act and shall report to the legislative fiscal
13 committees no later than October 1, 2003, on any proposed changes or
14 improvements to this act. If the state actuary determines the
15 expansion of postretirement options under sections 3 and 4 of this act
16 has resulted in increased costs for the state retirement funds, the
17 joint committee report shall include a proposal for a process to charge
18 those employers who employ retirees pursuant to an extension of
19 sections 3 and 4 of this act for the costs incurred by the retirement
20 funds under the extension.

21 **Sec. 9.** RCW 41.32.802 and 1997 c 254 s 8 are each amended to read
22 as follows:

23 (1)(a) If a retiree enters employment with an employer sooner than
24 one calendar month after his or her accrual date, the retiree's monthly
25 retirement allowance will be reduced by five and one-half percent for
26 every seven hours worked during that month. This reduction will be
27 applied each month until the retiree remains absent from employment
28 with an employer for one full calendar month.

29 (b) The benefit reduction provided in (a) of this subsection will
30 accrue for a maximum of one hundred forty hours per month. Any benefit
31 reduction over one hundred percent will be applied to the benefit the
32 retiree is eligible to receive in subsequent months.

33 (2) A retiree who has satisfied the break in employment requirement
34 of subsection (1) of this section, may work up to (~~five months~~) eight
35 hundred sixty-seven hours per calendar year in an eligible position, as
36 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter

1 or law enforcement officer, as defined in RCW 41.26.030, without
2 suspension of his or her benefit.

3 (3) If the retiree opts to reestablish membership under RCW
4 41.32.044, he or she terminates his or her retirement status and
5 immediately becomes a member. Retirement benefits shall not accrue
6 during the period of membership and the individual shall make
7 contributions and receive membership credit. Such a member shall have
8 the right to again retire if eligible.

9 **Sec. 10.** RCW 41.32.860 and 1997 c 254 s 7 are each amended to read
10 as follows:

11 (1) Except under RCW 41.32.862, no retiree shall be eligible to
12 receive such retiree's monthly retirement allowance if he or she is
13 employed in an eligible position as defined in RCW 41.40.010 ~~((or))~~,
14 41.32.010, or 41.35.010, or as a law enforcement officer or fire
15 fighter as defined in RCW 41.26.030.

16 (2) If a retiree's benefits have been suspended under this section,
17 his or her benefits shall be reinstated when the retiree terminates the
18 employment that caused the suspension of benefits. Upon reinstatement,
19 the retiree's benefits shall be actuarially recomputed pursuant to the
20 rules adopted by the department.

21 **Sec. 11.** RCW 41.32.862 and 1997 c 254 s 9 are each amended to read
22 as follows:

23 (1)(a) If a retiree enters employment with an employer sooner than
24 one calendar month after his or her accrual date, the retiree's monthly
25 retirement allowance will be reduced by five and one-half percent for
26 every seven hours worked during that month. This reduction will be
27 applied each month until the retiree remains absent from employment
28 with an employer for one full calendar month.

29 (b) The benefit reduction provided in (a) of this subsection will
30 accrue for a maximum of one hundred forty hours per month. Any benefit
31 reduction over one hundred percent will be applied to the benefit the
32 retiree is eligible to receive in subsequent months.

33 (2) A retiree who has satisfied the break in employment requirement
34 of subsection (1) of this section, may work up to ~~((five months))~~ eight
35 hundred sixty-seven hours per calendar year in an eligible position, as
36 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter

1 or law enforcement officer, as defined in RCW 41.26.030, without
2 suspension of his or her benefit.

3 (3) If the retiree opts to reestablish membership under RCW
4 41.32.044, he or she terminates his or her retirement status and
5 immediately becomes a member. Retirement benefits shall not accrue
6 during the period of membership and the individual shall make
7 contributions and receive membership credit. Such a member shall have
8 the right to again retire if eligible.

9 **Sec. 12.** RCW 41.35.060 and 1998 c 341 s 7 are each amended to read
10 as follows:

11 (1)(a) If a retiree enters employment with an employer sooner than
12 one calendar month after his or her accrual date, the retiree's monthly
13 retirement allowance will be reduced by five and one-half percent for
14 every eight hours worked during that month. This reduction will be
15 applied each month until the retiree remains absent from employment
16 with an employer for one full calendar month.

17 (b) The benefit reduction provided in (a) of this subsection will
18 accrue for a maximum of one hundred sixty hours per month. Any benefit
19 reduction over one hundred percent will be applied to the benefit the
20 retiree is eligible to receive in subsequent months.

21 (2) A retiree who has satisfied the break in employment requirement
22 of subsection (1) of this section may work up to ~~((five months))~~ eight
23 hundred sixty-seven hours per calendar year in an eligible position, as
24 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter
25 or law enforcement officer, as defined in RCW 41.26.030, without
26 suspension of his or her benefit.

27 (3) If the retiree opts to reestablish membership under RCW
28 41.35.030, he or she terminates his or her retirement status and
29 becomes a member. Retirement benefits shall not accrue during the
30 period of membership and the individual shall make contributions and
31 receive membership credit. Such a member shall have the right to again
32 retire if eligible in accordance with RCW 41.35.420 or 41.35.680.
33 However, if the right to retire is exercised to become effective before
34 the member has rendered two uninterrupted years of service, the
35 retirement formula and survivor options the member had at the time of
36 the member's previous retirement shall be reinstated.

1 **Sec. 13.** RCW 41.40.037 and 1997 c 254 s 14 are each amended to
2 read as follows:

3 (1)(a) If a retiree enters employment with an employer sooner than
4 one calendar month after his or her accrual date, the retiree's monthly
5 retirement allowance will be reduced by five and one-half percent for
6 every eight hours worked during that month. This reduction will be
7 applied each month until the retiree remains absent from employment
8 with an employer for one full calendar month.

9 (b) The benefit reduction provided in (a) of this subsection will
10 accrue for a maximum of one hundred sixty hours per month. Any benefit
11 reduction over one hundred percent will be applied to the benefit the
12 retiree is eligible to receive in subsequent months.

13 (2) A retiree who has satisfied the break in employment requirement
14 of subsection (1) of this section, may work up to (~~five months~~) eight
15 hundred sixty-seven hours per calendar year in an eligible position, as
16 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter
17 or law enforcement officer, as defined in RCW 41.26.030, without
18 suspension of his or her benefit.

19 (3) If the retiree opts to reestablish membership under RCW
20 41.40.023(12), he or she terminates his or her retirement status and
21 becomes a member. Retirement benefits shall not accrue during the
22 period of membership and the individual shall make contributions and
23 receive membership credit. Such a member shall have the right to again
24 retire if eligible in accordance with RCW 41.40.180. However, if the
25 right to retire is exercised to become effective before the member has
26 rendered two uninterrupted years of service, the retirement formula and
27 survivor options the member had at the time of the member's previous
28 retirement shall be reinstated.

29 **Sec. 14.** RCW 41.40.750 and 1998 c 341 s 113 are each amended to
30 read as follows:

31 (1) Effective September 1, 2000, the membership of all plan 2
32 members currently employed in eligible positions in a school district
33 or educational service district and all plan 2 service credit for such
34 members, is transferred to the Washington school employees' retirement
35 system plan 2. Plan 2 members who have withdrawn their member
36 contributions for prior plan 2 service may restore contributions and
37 service credit to the Washington school employees' retirement system
38 plan 2 as provided under RCW 41.40.740.

(2)(a) The membership and previous service credit of a plan 2 member not employed in an eligible position on September 1, 2000, will be transferred to the Washington school employees' retirement system plan 2 when he or she becomes employed in an eligible position. Plan 2 members not employed in an eligible position on September 1, 2000, who have withdrawn their member contributions for prior plan 2 service may restore contributions and service credit to the Washington school employees' retirement system plan 2 as provided under RCW 41.40.740.

(b) The membership and previous service credit of a plan 2 member last employed by a school district or educational service district and retired prior to September 1, 2000, will be transferred to the Washington school employees' retirement system plan 2 if the member opts to reestablish membership.

(3) Members who restore contributions and service credit under subsection (1) or (2) of this section shall have their contributions and service credit transferred to the Washington school employees' retirement system.

NEW SECTION. **Sec. 15.** Except for sections 13 of this act which takes effect December 31, 2004, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2001."

SSB 5937 - S AMD 156

By Senators Brown and Long

ADOPTED 03/14/01

On page 1, line 1 of the title, after "Relating to" strike the remainder of the title and insert "postretirement employment for teachers' retirement system, public employees' retirement system, and school employees' retirement system, retirees; amending RCW 28A.405.900, 41.32.570, 41.40.037, 41.32.802, 41.32.860, 41.32.862, 41.35.060, 41.40.037, and 41.40.750; adding a new section to chapter 41.40 RCW; creating new sections; providing effective dates; providing expiration dates; and declaring an emergency."

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